Chilean Party Urges Takeover of ITT

3/30/72

By Terri Shaw
Washington Post Staff Writer

One of the parties in Chile's ruling coalition has proposed that the government confiscate without compensation ITT's share in the Chilean telephone company.

Jaime Gazmuri, secretary general of the Popular Action Movement, said in a telephone interview that he made a formal proposal yesterday to President Salvador Allende that ITT's 70 per cent share in the telephone company be taken over through a "constitutional reform."

The Popular Action Movement originally suggested a takeover of the ITT share of the telephone company several days ago upon learning of reports by columnist Jack Anderson that ITT had plotted to prevent Allende from taking office.

Gazmuri said Allende was "very interested" in the proposal. The Popular Action Movement leader said he was sure his party's position would be supported by all the other parties in the government coalition and that he hoped for a decision by next week.

Informed sources in Washington said the Popular Action Movement's proposal did seem to have considerable support within the coalition.

Under the proposal, Gazmuri said, the measure confiscating the ITT holdings would have to be approved by the Chilean Congress, which is dominated by opposition parties.

He criticized ITT for "trying to block the will of the Chilean people as expressed in free elections."

The Chilean government is already running the telephone company, and has been negotiating to buy out ITT's share. The international conglomerate has asked $153 million for its share of the company, while the government has estimated that it is worth about $25 million.

Aside from its share in the telephone company, ITT has a controlling interest in two Sheraton hotels, an electronics plant and an international telex-telegraph service in Chile. The corporation has estimated the value of all its holdings in Chile at $170 million.

The Chilean Senate, in special session, yesterday called for an investigation of ITT's possible activities against Chile's interest.

The Chilean government announced that it had purchased three explosives plants in northern Chile from E. I. Du Pont de Nemours and Co. for $1 million.